



The Assistant Secretary of the Navy
(Financial Management and Comptroller)
Washington, D.C. 20350-1000

The Assistant Secretary of the Navy
(Research, Development and Acquisition)
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**MEMORANDUM FOR COMMANDANT OF THE MARINE CORPS
CHIEF OF NAVAL OPERATIONS
ASSISTANT SECRETARY OF THE NAVY (MANPOWER
AND RESERVE AFFAIRS)
ASSISTANT SECRETARY OF THE NAVY (INSTALLATION
AND ENVIRONMENT)**

Subj: NAVY ENTERPRISE RESOURCE PLANNING PROGRAM

1. The Navy Enterprise Resource Planning (ERP) Program is essential to the Department of the Navy's efforts to re-capitalize our business systems infrastructure and transform our business processes. Initiated over six years ago, under a program that was characterized then as "a revolution in business affairs," this concept has been largely successful. The program began with four pilots, and three of these continue operating today, meeting or exceeding expectations. The largest, NAVAIR's Sigma, was recognized last year as among the best public and private sector implementations. Building on these successes, we should be confident of our ability to deliver this capability more broadly throughout the Department.
2. As lessons learned from the pilot programs are adopted and new processes are developed and implemented, Navy ERP will require time and resources beyond the initial funding. In addition, it is necessary to ensure senior-level understanding of and commitment to Navy ERP and how it fits into the Department's Business Transformation strategy. We continue to project a positive return on investment (ROI) for ERP and there are significant intangible benefits from successful ERP implementations beyond those calculated in the ROI, as our private sector colleagues have noted to us. The Navy program will require sustained investment to realize all these benefits.
3. Some points to take into consideration when deciding to increase the commitment to ERP include:
 - a. Navy ERP will drive adoption of standard processes across commands using an integrated, automated system, allowing all Naval business activities to operate more efficiently. Re-engineered, leaner business rules delivered by Navy ERP are a pre-condition for transformation.

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b. Navy ERP will provide an azimuth to guide us in streamlining an expensive existing systems infrastructure, presently causing us to waste millions of dollars each year in redundancy costs.

c. Navy ERP will allow us to tighten our supply chain, provide in transit and total asset visibility, and significantly reduce the cost of operations and maintenance.

d. Navy ERP will substantially improve the quality and reliability of financial data used by our managers to allocate scarce program resources.

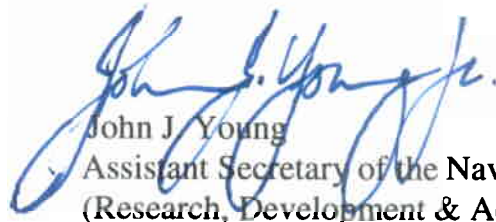
e. Navy ERP will make a wide range of management information available across the Department at all levels, supporting more credible operational performance evaluation within NSPS, promoting goal alignment and improving productivity.

4. Though these benefits are substantial, they will not come cheaply or easily; successful private sector implementations faced similar challenges in cost and effort. However, our positive experience with ERP pilots provides a glimpse at what is possible if we work together; we must all build on these achievements, strengthen Navy ERP, and provide the resources in terms of dollars and expertise owners needed for success.

5. We are committed to finding the resources to implement Navy ERP. We look forward to hearing your views. Just as we have joined together to transform the way we fight and win wars, we must make an equal pledge to recapitalize our business infrastructure. Navy ERP is a backbone of the framework supporting warfighters.



Richard Greco, Jr.
Assistant Secretary of the Navy
(Financial Management and Comptroller)



John J. Young
Assistant Secretary of the Navy
(Research, Development & Acquisition)

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